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VID/6903

5 March 1954

DOOPS

CRENGULF 1 - Arrest and Planned Expulsion of Josef URBAN, Heins FROELICH and Franz HASCHKA

1. On 3 March Crengulf 1 disclosed that Josef URBAN, Heins FROELICH and Franz HASCHKA, wholesale intelligence merchants, were arrested by police of Abteilung I of the Polizeidirektion Wien late in February, and are currently being held in jail pending the issuance of an order for their expulsion from Austria. The arrests were carried out in connection with a general investigation by Abteilung I of garbage collection organizations operating in the Vienna area. Crengulf 1 explained that the Staatspolizei became interested in these organizations following a series of arrests by the Soviets of young Austrians who were caught "lurking around" Soviet installations in search of discarded documents and correspondence. It was known that several organizations were involved in these operations and that an intense rivalry had sprung among them, to the extent that members of one group were openly denouncing and defaming those of another. It was assumed that the Soviets had been able to develop a pretty good line on the organizations and their members, and that a protest would shortly be forthcoming if steps were not taken to restrain these organizations, or at least to get them to carry out their work more quietly.

2. In the course of following up a routine lead, one of PETERLUNGER's police investigators visited a Vienna flat in which he found URBAN, FROELICH and HASCHKA in conference. When he asked the three to accompany him to the Polizeidirektion Wien for routine questioning, URBAN reportedly protested on the basis that "both CRENGULF 1 and Dr. PETERLUNGER knew all about me and my activities, and if you want to know anything, you should ask them." In fact, he said, he had been working "under CRENGULF 1's protection" for some time. FROELICH quickly interjected that he enjoyed the same protection. The investigator milled this over briefly, and then decided to take the three of them in anyway, just to be on the safe side. On learning of the arrests and of URBAN's remarks, PETERLUNGER immediately notified CRENGULF 1. Taken aback by this, CRENGULF 1 questioned his subordinates and soon learned that one of his criminal police agents (unnamed) had, in fact, been in touch with the URBAN group, and on his own initiative, had "very probably" given them an assurance

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of protection in the event of trouble. A decision was quickly reached by GRENWOLF 1 and PETERLIN-NOER that the three must be deported, lest both officials be seriously compromised to the Soviets as a result of URBAN's indiscretion.

3. GRENWOLF 1 said that "several parties" had already found out about the arrests and had made representations on behalf of URBAN. One of these he identified as Col. Adam RUDNICKY, a representative of emigre Polish intelligence in Austria. RUDNICKY, he said, had lodged a direct protest, and had intimated that if the men were not released at his request, he would have to "take the matter up with the Allies, who also have an interest in the group". GRENWOLF 1 remarked that he did not want to become involved in a disagreement with the Western services in this case, but that he could see no alternative to going ahead with expulsion proceedings. (NOTE: In the meeting of 4 March GRENWOLF 1 indicated that the GRAYLEYS had also expressed concern with respect to URBAN's status. He said that "they" now claimed to have told him of their interest in URBAN some months ago. "But if they did", he stated, "I can't remember it -- however, it would not have made any difference even if I had known about it, because as it turned out the arrests were completely accidental.")

4. GRENWOLF 1 said that he will somehow find a way to convince these parties that he is forced to expell URBAN and his friends. However, a point of major concern to him is the possible effects the expulsion might have on his developing relationship with UTILITY. It has been fairly clearly established that the URBAN group has been working for the ZIPFER organisation, among others. GRENWOLF 1 expressed the fear that his scheduled meeting with UTILITY on the 20th of this month would get off to a bad start if UTILITY thought that the expulsion had been ordered arbitrarily or maliciously. Therefore, GRENWOLF 1 said, he would appreciate it if we would undertake to smooth the way by briefing UTILITY on the reasons for the expulsion, and explaining that there is no acceptable alternative to it. I replied that I would be glad to discuss this request with my seniors and advise him of our decision.

5. On the advice of DOWP, I told GRENWOLF 1 on 4 March that we would go along with the request, and asked him for a restatement of the precise story he would like to have us give UTILITY. He repeated the substance of paragraphs 1 and 2, above, adding that URBAN and FROELICH have been advised of the expulsion decision and that both have promised that they will "make no trouble" in connection with it. GRENWOLF 1 has in mind to issue the expulsion order as soon as possible, allowing the men one week in which to settle their affairs and leave the country. It is not planned to escort them to a border station, but to allow them to make their way to a crossing-point in a Western zone as best they can.

6. Since their arrest, URBAN, FROELICH and HASCHKA have been held "on suspicion of holding false identity documents". GRENWOLF 1 is proceeding on the basis that URBAN and FROELICH are German citizens, and that HASCHKA is a Volksdeutscher from the Sudetenland. Accordingly, he is able to hold them legally -- as foreigners -- on this admittedly vague charge.

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7. An additional reason for expelling the men as quickly as possible, GRENZULF 1 said on 4 March, is that FROELICH is wanted by the Sicherheitsbureau of Abteilung II (Criminal Police), Polizeidirektion Wien, on 64 separate charges. However, the name under which he is being sought is not FROELICH, but PFUNDNER, fou (phonetic), and the Sicherheitsbureau does not yet realize that he is already under arrest. Were FROELICH to be turned over to them, it is likely that he would repeat his story of cooperation with GRENZULF 1 and that communists within the Criminal Police would report it back to the Russians. GRENZULF 1 is therefore anxious to get FROELICH out of the country before a request for his transfer is received from that quarter.

8. Name traces

a. Numerous VOB traces are available identifying URBAN and FROELICH as intelligence merchants and possible fabricators.

b. Col. Adam RUWICZKY is identified in BUL-5259, 1 Sept. 1953, as representative of a British/Polish exile intelligence organization in Austria.

c. Franz MASCHKA is identified in ZIPPER memo 6509, 21 Aug 1953, attached to BUL-5340, 3 Sept. 1953, as a Sudetendeutscher, member of the URBAN-FROELICH group and also of the rival FLEISCHACKER-KERNART group. His address (Sept 1953): Vienna VI, Kaiserstrasse 14.

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